

Compliance Assessment Sampling Plan – 9802.00.80

CAT KIT Exhibit 12

| Attribute, Test, Error(s) & Criteria | Sampling Parameters | Universe | Potential Sampling Frame(s) | Evaluation of Compliance Testing & Actions Needed |
|---|---|---|---|---|
| <p>Attribute: Did the American-made fabricated components which are returned to the U.S. as parts of articles assembled abroad qualify under the Subheading 9802.00.80 HTSUS in accordance with 19 CFR 10.12 through 10.23?</p> <p>Test (Primary Audit Steps):</p> <ol style="list-style-type: none"> (1) Determine eligibility for each sampled item. <ol style="list-style-type: none"> a) Claimed component(s) meet requirements for HTSUS 9802.00.80 treatment <ul style="list-style-type: none"> • No drawback claimed on component(s) • Component(s) maintain identity from time of U.S. exportation through time of assembly into article imported under HTSUS 9802.00.80 • Component(s) ready for assembly at time of U.S. exportation; no foreign fabrication required before assembly • Foreign operation was assembly and not manufacturing b) Origin of claimed components c) Claimed components were actually used to produce imported article (usage) d) Claimed 9802.00.80 value of the component, whether consigned or sold to the assembler, was the cost or value at the time of export for assembly. Ensure claimed value included all costs (i.e. freight and insurance) to the U.S. port of exportation. (2) Determine if the company's internal control policies and procedures for 9802.00.80 were <ul style="list-style-type: none"> • Documented, and • Produced accurate 9802.00.80 entries. <p>Errors:</p> <ul style="list-style-type: none"> • Components did not meet requirements for HTSUS 9802.00.80 treatment • Failed to prove U.S. origin • Component not used in imported article • Commingled inventory • Invalid U.S. value • The importer is unable to provide adequate support or information for the 9802.00.80 claim. <p>Criteria for Testing (Statistical Sample or 100% Review):</p> <ul style="list-style-type: none"> • CAT determines that the trade area is a high risk trade area. • Trade area \geq \$10,000,000. | <p>Approach: attribute estimation sampling using the average error rate (point estimate) for evaluating compliance</p> <p>Confidence Level: 95%</p> <p>Sampling Error (Precision): $\pm 5\%$ (10% range)</p> <p>Anticipated Error Rate: 5%</p> | <p>9802.00.80 line items on Customs entries made during the importer's last completed fiscal year</p> | <p>Customs' Records: 9802.00.80 Line Items</p> <p>Importer's Records: Inventory of 9802.00.80 Articles</p> <p>Sampling Frame: _____</p> <p>Validated Sample: • Yes • No</p> <p>Frame Size: _____</p> <p>Sample Size: _____</p> | <p>LOL Compliance Rate: ____ %</p> <p>Systemic/Non-Systemic or Recurring Errors?</p> <ul style="list-style-type: none"> – If systemic, recommend importer correct cause of error(s). – If recurring, project the effect and recommend collection of unpaid duties and fees. – If non-recurring, recommend collection of duties and fees on identified errors, if applicable. <p>• LOL Error Rate $\leq 5\%$</p> <ul style="list-style-type: none"> – If internal controls were documented, compliance is at an acceptable level for 9802.00.80. – If internal controls were not documented, coordinate with the Account Manager to help company develop a CIP. <p>• LOL Error Rate $> 5\%$</p> <p>Apply materiality criteria. (CAT Kit Exhibit 32)</p> <p>Materiality Compliance Rate: ____ %</p> <p>• Materiality Compliance Rate is acceptable</p> <ul style="list-style-type: none"> – If internal controls were documented, compliance is at an acceptable level for 9802.00.80. – If internal controls were not documented, coordinate with the Account Manager to help company develop a CIP. <p>• Materiality Compliance Rate is unacceptable</p> <ul style="list-style-type: none"> – If materiality error rate is not acceptable, importer compliance for 9802.00.80 is not acceptable. Coordinate with the Account Manager to help company develop a CIP. <p>Prepare results sheet and refer to the Enforcement Evaluation Team (EET) if findings meet the EET impact level for referral.</p> |